

ARTICLE APPEARED
ON PAGE A1-14

THE WASHINGTON POST
3 August 1980

U.S. Blessed With OSS Spy In Vatican

By Thomas O'Toole
Washington Post Staff Writer

When he went to work for the Vatican in mid-1944, Virgilio Scattolini also went to work for the Office of Strategic Services, wartime precursor of the Central Intelligence Agency.

Overnight, Scattolini became a prize agent of the OSS. His reports were so prolific and valuable that the OSS kept one man in Italy doing nothing but translating and cabling them to Washington.

The verbatim accounts of private meetings between Pope Pius XII and church leaders were priceless pieces of European intelligence. Scattolini's recitations of the pope's secret audiences with the German and Japanese ambassadors to the Holy See rang so true that the cables were rushed to the White House for President Roosevelt.

Keep them coming, Roosevelt's secretary, Grace Tully, wrote the OSS in January 1945: "The president finds this material most interesting and reads every one carefully."

Scattolini was the intelligence source for the first peace feelers

from Japan and the first signs of civilian unrest in war-torn Germany.

Scattolini informed the Americans of what the Russians were telling the Japanese about their intentions in the Pacific.

Scattolini flashed the news that Japan was thinking of breaking its axis with Germany and that Japan's industrialists were gaining influence over Japan's militarists.

There was only one problem with Scattolini's intelligence reports—none was true. Scattolini made it all up.

He concocted his priceless dispatches because he needed the \$500 a month the OSS was paying. Scattolini invented papal meetings. He fabricated dialogue. He lied for the better part of a year about what went on inside the Vatican.

When the OSS realized how badly it had been taken, two of its top officials buried the Scattolini file—1,700 cables and documents—on a farm in Maryland.

The Scattolini file was unearthed around 1960 and returned to the CIA where it has resided in secrecy for years. The identities of the agent who buried and then dug up the file are still unknown. Sources say the documents were given back to the CIA by one of the people who buried them as part payment for being hired by the CIA.

The historic embarrassment is widely distributed in the U.S. intelligence community. Two presidents (Roosevelt and Truman) died not knowing that the Vatican files they read so avidly were false. Best-selling books were published about American intelligence exploits including what came out of the Vatican; their authors unaware of Scattolini and his fraud.

The names of those taken in by Scattolini's sham read like a who's who of American intelligence. They included OSS Chief Maj. Gen. William J. (Wild Bill) Donovan and James Jesus Angleton, celebrated head of CIA counterintelligence for a quarter of a century. He was Scattolini's case officer in Rome in 1944 and 1945.

"This operation provides an unusual illustration of a papermill or fabrication operation," reads an understated CIA footnote to the Scattolini file written in 1949. "It also illustrates the danger of accepting at face value the product of an intelligence operation which has not been secured by adequate counterespionage investigation."

The Scattolini file is now in the public domain, due largely to a quest for information about the Vatican's role in World War II by a Jesuit priest named Robert Graham. A native of San Francisco and a Vatican historian for the last 15 years, Graham tracked down the Scattolini file and sprung it loose from the CIA last year with a Freedom of Information Act request. The same file was made available to The Washington Post after a similar FOI request this year.

"It was a farce," Graham said not long ago. "To think that President Roosevelt, the State Department and the Joint Chiefs of Staff were fed these complete fabrications—it's incredible."

There is no evidence anywhere in the CIA's Scattolini file that any American intelligence agent ever met him. Angleton was his control officer, but Angleton, then an OSS first lieutenant, never laid eyes on Scattolini. Angleton's "cutout" or contact was an Italian named Filippo Setaccioli who collected Scattolini's reports and passed them on.

The way Setaccioli described him, Scattolini was in direct contact with the Vatican's secretary of state, who then was Msgr. Giovanni Battista Montini, later Pope Paul VI. Among other things, Montini kept the Vatican archives where Scattolini said the minutes of the pope's most secret au-

In fact, according to Graham, no minutes were kept of any audience Pope Pius XII ever had. Even today, the Jesuit historian said there are no records anywhere in the Vatican of audiences by Pius XII with diplomats, church leaders or anybody else.

"If he kept any records, we sure don't have them," Graham said. "Even when Churchill came to see the pope after the fall of Rome (in 1944) . . . we have no record of their conversation."

That didn't deter Scattolini. He transcribed no fewer than 20 audiences he said the pope held and sent them along to the OSS. He passed on the exact dialogue of audiences the pope supposedly had with Roosevelt aide Harry Hopkins, U.S. 8th Army general Mark Clark, U.S. Ambassador Myron Taylor, vicar general Norberto de Boynes, Japanese ambassador Ken Harada and U.S. Army general Dwight Eisenhower. Nobody caught up with the fiction.

A one-time writer of pornographic plays, Scattolini brought high skills to the task of inventing papal dialogue. He had the pope say he was considering the nomination of New York's Cardinal Spellman to be Vatican secretary of state. The appointment, Scattolini's pope said, could lead to Spellman's election as the first American pope.

Scattolini's papal dialogue offered grand speculations. He had the pope tell Cardinal Pietro Fumasoni Biondi: "Defeat will change Japanese mentality for the better; it will develop the best qualities of that people and Japan will become promising ground for the propagation of Catholicism."

But Scattolini made a major mistake that proved his undoing. He invented a Vatican meeting between American ambassador Myron Taylor and Japanese ambassador Ken Harada at which he said they discussed the possibility of peace in the Pacific. It was the first face-to-face meeting of any American and Japanese diplomats since Pearl Harbor. U.S. intelligence circles were agog at Scattolini's dispatch.

So startled, in fact, that somebody asked the State Department to cable Taylor in Rome for more details of his historic meeting with Harada. Back came Taylor's historic reply: "I have

CONTINUED